## EARLY HISTORY OF OIL TRADE TOLD

For Over Two Hours John D Rockefeller Tells of Development of His Company.

## IMPOSING ARRAY OF COUNSEL

As He Began His Story He Gazed Complacently on a Swarm of Newspaper Men.

New York, Nov. 18 .- Relating his story with the air of a country gentleman of kindly mien entertaining a host of friends with incidents of days long past, John D. Rockefeller, president of the Standard Oil company, though for nearly 10 years retired from though for nearly 10 years retired from the active cares of the company's direction, for over two hours today reviewed the history of the early oil trade and the development of the company that later grew into the present so-called oil trust. Mr. Rockefeller was a wilness for the defense in a suit to dissolve the Standard which is being prosecuted by the United States government, and his appearance at the perfect of the referee, brought a large crowd to the customs building.

ROCKEFELLER AT EASE.

The head of the big oil combine was The head of the big oil combine was surrounded by an imposing circle of counsel, and when he began his testimony he gazed complacently upon a swarm of newspaper men, behind whom pressed close a throng of people that filled the room. Mr. Rockefeller appeared at complete ease, and when John G. Milburn, of counsel for the Standard Oil company, propounded his first question the witness spoke out in full tones, as if he desired the most distant spectator in the chamber to bear.

distant spectator in the chamber to bear.

Then, in a manner that indicated a pleasure of which he was about to tell, Mr. Rockefeller spoke of his start in the oil business, and how, under adverse conditions, that business grew to proportions of the Standard Oil company of Ohio, with its capitalization of \$1,000,000. Mr. Rockefeller's eyes sprakled in reflection on that early financial organization, and speaking of its million-dollar capitalization with almost boyish enthusiagm, he said: most boyish enthusiasm, he said:
"It seemed very large to us, who
began with only \$4,000 in 1862."

HIS MANNER ENGAGING.

Thus the proceedings lost, in a sense, their official aspect because of the engaging manner which Mr. Rockefeller displayed in his answers, which now and then contained flashes of kindly humor. A glow of health showed on Mr. Rockefeller's smooth-shaven face, and to inquiring newspaper men, he replied that he had never felt better. The president of the Standard was dressed in a plain business suit of dark material, and across his vest was supended a heavy gold watch chain. A dark purple necktie, in which a large pearl pin was set, snuggled close to a Thus the proceedings lost, in a sense pearl pin was set, snuggled close to a high collar. The development of Mr. Rockefel-

The development of Mr. Rockefel-ler's testimony today, which carried him to the organization of the Standard Oil company of Ohio, indicated that one of the lines of the defense would be that the Standard Oil company is not the result of an aggressive policy to gain mastery of the oil trade, as charged, but the natural outcome of an economical development which the exigencies of the oil industry demanded.

manded.

During a brief recess this afternoon Mr. Rockefeller talked to the reporters on the Standard's growth, saying:

"What a wonderful thing it all has been—the growth of this business. It all seems like a dream to me; and here I am accused of doing the very wicked thing of selling a good article at a lower price than any one else.

GOES BACK TO EARLY DAYS.

This testimony here today brings back to my mind so clearly early days in Cleveland, where we were all friends and neighbors together. How well I remember that day in Cleveland when remember that day in Cleveland when I went into the bank of T. P. Handy, who afterward became one of my dearest friends. I wanted to borrow money, but I did not have any collateral nor any one to indorse my note. I told him what I wanted to do with it and then he asked we have much I. I told him what I wanted to do with it, and then he asked me how much I wanted. 'I need \$2,900. I said, and I got it. To that loan I attribute whatever success I have had in life since,' The taking of Mr. Rockefeller's testimony will be continued tomorrow.

Mr. Rockefeller had left the offices of the Standard Oil converse, when he had better he

Mr. Rocketeller and left the offices of the Standard Oil company shortly be-fore 2 p. m. He was accompanied to the customs house, where the hearing is being held, by John G. Milburn and Moritz Rosenthal, of counsel for the Standard Oil company. On his way Mr. Rockefeller was photographed by sev-eral newspaper photographers. He made no objection.

TAKES WITNESS STAND.

Mr. Rockefeller had scarcely entered the courtroom when his counsel mo-tioned him to take the witness chair. The president of the Standard Oil comPRIZES FOR THE

Christmas News

The Deseret News offers a cash prize of \$50 for the best story submitted for the Christmas issue, to be printed on Saturday, Dec. 19th 1968. The story must contain not more than 8,500 words, or about 7 columns, one page, of Deseret News type, and all manuscripts must be delivered at the "News" office not later than Nov. 30.

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pany gave his testimony in a clear, re gonant voice, which could be heard all over the room.

"Mr. Rockefeller, what is your full name?" asked Mr. Miller, "Lohn D. Bockefeller."

"John D. Rockefeller."
"Where do you live?"
"My legal residence is in this city, at 4 West Fifty-fourth street."
"What was your first connection in

the oil business?" "About 1860 or 1862, not earlier than 1860 nor later than 1862. I was

then a young man, much younger than In reply to the question as to who were associated with him in the oil business in the beginning, he gave the names of Morris James and Richard Clark and Samuel Andrews.

ANDREWS-CLARK COMPANY. "A co-partnership was formed," said

Mr. Rockefeller, "known as Andrews-Clark company, who operated at Cleve-land, Ohio."

"Did vour business increase?"
"Yes," said Mr. Rockefeller, "it in-

reased steadily.' What developments or change in "What develorments or change in the company took place later?"
"Well, in 1866 there was a change.
The firm was William Rockefeller & Co. The 'Rockefeller' was William, my brother, and the 'company' was Rockefeler & Andrews."

Mr. Rockefeller said the refinery of this company was in Cleveland; that afterwards another company, under

afterwards another company, under the name of William Rockefeller and Company, was organized in New York. The same firm members that compos-ed the Cleveland company made up the New York company

the New York company, made up the New York company. Asked what had been the course of the oil business up to the time of the organization of the Standard Oil ompany of Ohio, Mr. Rockefeller re-

"We had a steady growth and in-crease from the organization of the first firm in 1860 or 1862 until that

Mr. Rockefeller said that every member of the firm devoted his entire time and attention to promoting the company's growth, and that node of them had any other business. He said the company did a refining and warehouse business, and that his brother house business, and that his brother William Rockefeller, took up his residence in New York to develop the business here and to save expenses. "When did the next change take

THE NEW FIRM.

"In 1867 all the properties of Rockefeller and Andrews, William Rockefeller and Company and Rockefeller and Company and Rockefeller and Company were taken over under the firm name of Rockefeller, Andrews & Flager. Mr. Flager was a man of large business experience, and was a valuable addition to the firm. A large amount of capital was put into the firm. The company engaged in the refining of oil, which was sold in this country and aoroad."

"What was the next change?"

"I think that three years later, in 1870, the Standard Oil company of Ohio, organized with a capital of \$1,900,000, and we enlisted much capital for the company. The first field for the production of crude oil was Venango county, in the western part of Pennsylvania." said Mr. Rockefeller.

He looked to Ohio to obtain the crude oil, and the refining plants of

crude oil, and the refining plants of he company were at Cleveland, Pitts-burg, Farkersburg, Baltimore and New

What had been the course of th levelopment of the industry at that

There had been rapid development "There had been rapid development in the cleansing and refining of oil."

The business of refining was profitable, and as a result, he said, many refineries were built. People turned to this business of refining oil who were not necessarily the best trained business men. The Standard Oil company put up all the refineries possible

Was Mr Andrews a practical re-

"Was Mr. Andrews a practical refiner?"

"That was the reason he was given a part in the business," said Mr. Rockefeller, "He was a practical refiner of oil, and it gave him an excellent opportunity to associate himself in the business in this way."

BEST DISTRIBUTING POINT.

In answer to a question Mr. Rockefeller said that Cleveland was the best distributing point to obtain the domestic trade. Its advantage was that they had a long haul to the scahourd for the export trade.

"What was the comparative size of your gefinery to others at that time in 1870?"

"I believe it was the largest in the

of your gefinery to others at that time in 1870?"

"I believe it was the largest in the country at that time."

"The company was capitalized at \$1,000,000. Was that considered a large capitalization?" asked Mr. Mill-

Yes," replied Mr. Rockefeller. "It

yes, replied ar, robesteler. To was considered very large. We thought if was very large, as we started in 1860 with \$4,000."

Mr. Rockefeller said they made many improvements in the business, One thing they did was to manufacture their our barries at a saying of one-One thing they aid was to handlacture their own barrels at a saving of one-half. He said the savings on the barrels represented a large saving to the company and represented one of the innovations developed in the company.

"The things that we used from time to time we were anabled to produce at prices lower than that which we preto time we were analyst to produce at prices lower than that which we pre-viously paid, as our capital increased," said Mr. Rockefeller, "Let me ask you about the house which you established here," said Mr.

"Yes, that was an advantage. That gave us an opportunity to learn of the foreign markets and the export trade, We were constantly in need of increas-ing capital as our business developed, and in New York we were enabled to and in New York we were enabled to secure larger sums of money at lower rates than in the west. We were always able to obtain large sums of money and I am thankful to say we always had good credit. We always kept-our covenants and pald our bills. Our ability to secure large large large. Our ability to secure large loans was of great advantage to us. Thus we extended our facilities with New York bankers with whom we kept our deposits and we got our money at the cheapest rates in the cheapest money market in the world."

BRANCHING OUT.

Through the acquaintance made by William Rockefeller with wealthy men in New York connections were formed enabling the company to borrow large sums for the further extension of the business, the witness stated. Some of those who aided him in obtaining funds were Amzi Stone and Benjamin Brewest exporting point at that time and is

early in the seventies. The business was much overdone, because refineries had been erected so rapidly that the profit was much lessened.

A recess of five minutes was taken to ventilate the room and meanwhile Mr. Rockefeller went over and talked with the newspaper men. He suggested that they ought to have a room five times as large, but Mr. Milburn said there would be five times as many people if they did; that the only way would be to charge admission. "Oh, no," said Mr. Rockefeller, "not

f they are as nice as the people here We want to introduce all the economies, you know." "Did you have negotiations after the

organization of the Standard Oil com-pany of Ohlo with other interests, look-ing to their purchase?" Mr. Rockefeler was asked after the recess.

ABSORBING COMPETITORS.

"Yes, in the last part of 1871. We consummated negotiations for the then firm of Clark, Payne & Co. This com-pany was a very considerable refining ompany, next to us in size. The members of the firm were Colonel Oliver Payne, James H. Clark and John Huntington.

"The next one we bought, if I am right, was the Alexander, Schafield & Co. They were next in importance in "Did these negotiations result in controlling Clark, Payne & Co?"
"Yes."

"Were there other negotiations?" "Yes, there were other refining con-cerns having lesser importance which we purchased. I don't remember the names. I should say that I had nego-tiations with six or eight concerns. These concerns were all in Cleveland. I could not say definitely how many were purchased. There might have been a dozen, more or less, beginning with Clark, Payne & Co. They were not all at one time. Some were in 1871 and early in 1872 and some in the last of 1870."

1870."

"How did these negotiations arise?"

"In the natural way," said Mr. Rockefeller. "We were all friends and enjoyed prosperity together. We found that changed conditions were lessening the chances of profits. We were unsuccessful in obtaining large capital at that time and many capitalists feared to risk money in oil refining. There were many schemes floated on property of little value. Owing to the dissatisfaction with such con-

ed on property of little value. Owing to the dissatisfaction with such concerns it was hard to obtain money. I remember that I visited J. H. Wade in Cleveland, and he told me politely and firmly that he would not invest any money in the oil business."

Mr. Rockefeller said that to cope with the changing conditions it was necessary to obtain capital and purchase the Cleveland companies, which, the witness said, enabled the Standard to borrow large sums of money by having associated with it many of its recognized friends.

ing associated with it many of its recognized friends, "We realized," said Mr. Rockefelled, "that the larger company decreased the cost of production and increased the volume of business. The companies were purchased part in cash and part in stock of the Standard company." "Did you use any coercive means to secure these companies?"

NO COERCIVE MEASURES. "None whatever." said Mr. Rocke-feller, "They were all fair negotiations. I may say for myself that they were the kind of negotiations I have always used. I have used no other."
"You had faith in the business, Mr. Pockefellen?"

"You had faith in the business, Mr. Rockefeller?"
"Oh, yes," he replied.
"But some did not?"
"Yes, that is so."
Concerning the state of the refinery business in the early seventies, Mr. Rockefeller said it was generally understood that it was on uncertain ground and encountered unusual hazards. There had been too many refineries built, and it was recognized that cries built, and it was recognized that an increased demand for oil would have to be created.
"It was always considered a business risk, the refining of oil," said Mr.

risk, the refining of oil," said Mr. Rockefeller, "and it is a very hazard-ous business today and not to be classed with banking or some railroad Mr. Rockefeller then was asked about

Alt. Rockefeller then was asked about the payments made for the companies. "I do not know what proportion was eash or stock, possibly half cash and half of stock," said Mr. Rockefeller. "The general preference was for good nard cash with which to invest in something else."

SOUTH IMPROVEMENT CO.

Riegarding the South Improvement company, Mr. Rockefeller said that while the Standard took a little interest in it they had little to do with it.

"We did not entertain the views of those in charge of it, and were not in sympathy with it," he added. He gave the names of those identified with the South. Improvement

the names of those identified with the South Improvement company, stating that they were identified with the Pennsylvania oil fields.

"They were hauling their oil over the Pennsylvania railroad," said Mr. Rockefeller. "These gentlemen were active in the Pennsylvania oil field. One of them, Peter Watson, was identified with Mr. Scott, president of the Pennsylvania railroad."

"Did you ever negotiate for the charter of the South Improvement company?"
"I never did," said Mr. Rockefeller.

"I never did," said Mr. Rockefeller.

"We did not share their views and we frankly told them so more than once It was not a scheme which we ourselves would care for." "Why did you take an interest

"It should be remembered that Mr. Scott was a potent factor in the Pennsylvania railroad who was not to be disregarded by the railroads or ship-pers. We did not wish to break with these gentlemen, especially with Mr. Scott. We only had a minority inter-

scott. We only had a minority interest."

The scheme of the South Improvement company, he declared, was a failure and never went into operation, it having aroused great opposition among the oil interests in Pennsylvania.

"It did not take very long for our friends, the producers, down there to make opposition to it, they having the characteristics of miners the world over," said Mr. Rockefeller, who was about to tell of the formation of the producers' union, when, on request of the Standard's counsel, an adjournment was taken until tomorrow.

Mr. Rockefeller interrupted the motion, stating that he was willing to remain as long as desired, but nodded ascent to expussel when his lawyers shook

cent to counsel when his lawyers shook their heads.

The hearing adjourned at 4:22, with Mr. Rockefeller still on the witness stand. It will be resumed tomorrow A large crowd saw Mr. Rockefeller leave the customs building and depart

A BROTHERS' QUARREL.

Reuben Crown Shoots Joseph Crown And Commits Suicide.

Pittsburg, Nov. 18 .-- Reuben Crown until recently a follower of eastern race tracks, lies dead on a slab in the county morgue tonight from a bullet wound Joseph Crown, his brother, a practising attorney in local courts and well known about the city, is in a hospital hovering between life and death, a builet having penetrated his chest. Both shots, it is alleged, were fired by Reuben Crown following a quarrel over money mat-

ters.
The brothers a number of years ago inherited a valuable piece of property in this city. Joseph applied himself to business and adopted a profession, Reuben sought the pleasures of life and borrowed upon the property from time o time until three years ago, when acording to the deposition made by Joseph in the hospital tonight, but little of his interest remained. Joseph bought that interest, and since ther Reuben has been seeking loans for which he had no security to offer until Joseph finally refused him further ad-

Reuben, it is said, had not been here since early in September, but where or how he lived no one seems to know. Late today he appeared at Joseph's office in the Bakewell building and asked another loan. Occupants heard Joseph order Reuben out of the room. He left. but soon returned and according to Josephs deposition, said: 'I am here to kill you.'

He tried to lock the door and just as Joseph attempted to leave the room fired a shot into his breast. Joseph staggered into the hall and Reuben followed and fired a second shot, inflicting only a flesh wound. A tenant took care of Joseph.

A moment later another shot was heard and upon investigation Reuben was found prostrate on the floor of Josephs office, a bullet having been fired into his temple. Both men were sent to a hospital, where Reuben died several hours later.

SNEEZED HIMSELF TO DEATH. Paterson, N. J., Police Investigating

Strange Case of A. M. Taylor. New York, Nov. 19 .- Police investigation will be made today into the

gation will be made today into the death of Andrew M. Taylor, who litterally sneezed himself to death in Paterson, N. J.. last night. Seized with a fit of sneezing after some pracz tical joker had scattered snuff on the floor of a saloon, he fell exhausted and was stricken with hemorrhage.

The "jokers" took alarm at his plight and physicians were hastily summoned An investigation showed that the man had broken a blood vessel. The flow of blood was checked temporarily but broke out anew in a short time and Taylor expired. He was 40 years old, and leaves a widow.

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